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OO RUEHFK RUEHGH RUEHKSO RUEHNAG RUEHNH
DE RUEHOK #0087 0940702
ZNR UUUUU ZZH
O 040702Z APR 07
FM AMCONSUL OSAKA KOBE
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0751
INFO RUEHKO/AMEMBASSY TOKYO IMMEDIATE 7905
RUEHKSO/AMCONSUL SAPPORO IMMEDIATE 0181
RUEHNAG/AMCONSUL NAGOYA IMMEDIATE 2286
RUEHFK/AMCONSUL FUKUOKA IMMEDIATE 0169
RUEHNH/AMCONSUL NAHA IMMEDIATE 0192
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 0408
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 1114
RUEHSH/AMCONSUL SHENYANG IMMEDIATE 0049
RUEHGH/AMCONSUL SHANGHAI IMMEDIATE 0018
RUEHGZ/AMCONSUL GUANGZHOU IMMEDIATE 0110
RUEHHK/AMCONSUL HONG KONG IMMEDIATE 0195
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUYNJDK/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

UNCLAS OSAKA KOBE 000087

SIPDIS

DEPT OF TREASURY FOR AMIT SHARMA
DEPT OF TREASURY FOR BILL MURDEN
DEPT OF TREASURY FOR IVY KOSIMIDES

SENSITIVE

SIPDIS

E.O. 12958: N/A
TAGS: [ETRD](#) [EFIN](#) [EFIS](#) [PREL](#) [KN](#) [JA](#)
SUBJECT: NORTH KOREAN SANCTIONS VIOLATION: STAINLESS
STEEL PIPES SEIZED IN WESTERN JAPAN

11. (U) On March 29, the Hyogo Prefectural Police Department, after receiving a tipoff from Kobe Customs, launched an investigation into two firms in Western Japan for alleged violations of Japanese sanctions prohibiting all imports from the DPRK. The sanctions were enacted in response to last year's nuclear tests by North Korea. QFitting Kuse, Q a small-scale stainless steel producer in Ishikawa Prefecture, and QKoyo Shoji, Q a Kyoto trading company, are under scrutiny for allegedly importing stainless steel pipes manufactured under contract in North Korea and claiming that the products originated in China. The purpose of the fitted pipes is unclear, but these products can be potentially used in heavy industry, plumbing, and textile manufacturing, to name a few examples. Police have not alleged that the pipes would be used for illicit purposes.

KOBEO'S FIRST SANCTIONS VIOLATION

12. (SBU) Media reports claim Fitting Kuse has had a contractual relationship with a North Korean metal processing company since 2000. Fitting Kuse provided the North Koreans with the raw materials required for the project. (Note: Exports of non-luxury goods to the DPRK are not prohibited under the Japanese sanctions regime. End note.) Citing the ongoing nature of the investigation, Kobe Customs declined to discuss the case with Econ FSN; however, the authorities acknowledged this would be the first sanctions violation in Kobe's jurisdiction since sanctions were enacted last October. In March, the Japanese Coast Guard arrested several crew members from a Chinese ship for attempting to illegally import North Korean clams into Shimonoseki Port, Yamaguchi Prefecture.

BICYCLE EXPORTS UP, SEAFOOD IMPORTS OFF THE TABLE

13. (SBU) Takuma Nagai, Manager of the Airport and Harbor Management Section of Sakaiminato City, Tottori Prefecture, home to Sakai Port, the Japanese port with the highest volume of DPRK trade, said that there have been no illegal imports from North Korea into Sakaiminato as of yet, but that exports of used bicycles, not classified as luxury items, have doubled since sanctions were enacted. Since North Korean vessels are currently prohibited from docking in Japan, Japanese exporters use vessels flagged in places like Russia and Cambodia. Nagai said Sakaiminato's canneries and seafood processors, long dependent on cheap DPRK imports, switched from DPRK to third country seafood even before sanctions were enacted.

RUSSEL